Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 18931 01 OF 02 090555Z
ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03
NSAE-00 PA-01 PRS-01 SP-02 SS-15 NSCE-00 SSO-00
USIE-00 INRE-00 ABF-01 OMB-01 TRSE-00 ACDA-12
/062 W
----------116272 090631Z /21
O 090405Z DEC 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 3436
INFO SECDEF IMMEDIATE
CINCPAC PRIORITY
COMUSJAPAN PRIORITY
CDRUSARJ CAMP ZAMA
COMNAVFORJAPAN YOKOSUKA
5AF YOTKOTA

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 18931

E.O.11652: GDS
TAGS: MARR, JA
SUBJECT: LABOR COST SHARING (C)

SUMMARY. WORKING GROUP HAS HAD UNDER INTENSE REVIEW
DRAFT, TABLED BY JAPANESE SIDE NOV 25, OF AGREEMENT TO
BE ACCEPTED BY JOINT COMMITTEE RECORDING JAPANESE INTENTION
TO TAKE OVER SOCIAL WELFARE COSTS AND ADMINISTRATIVE FEES
FROM JFY 78, IN RETURN FOR WHICH US WOULD AGREE TO
CONTINUE TO DISCUSS WITHOUT COMMITMENT JAPANESE DESIDERATA
IN REGARD TO SHIFT TO CONTRACTING, APPLICATION OF JAPANESE
LABOR LAWS, AND LONG-TERM LABOR PROJECTIONS. US SIDE
ALSO AGREES TO SMOOTH (AUTOMATIC) IMPLEMENTATION OF 1977
WAGE INCREASE. (TEXT SEPTEL) JAPANESE WOULD NOT AGREE
TO DROP PAST CLAIMS FOR ADMINISTRATIVE FEES, WHICH WILL
CONTINUE TO BE NEGOTIATED BETWEEN USFJ AND DFAA. REMAINING
POINTS AT ISSUE ARE: 1) JAPANESE DEMAND FOR SOME
REFERENCE TO US INTENTION TO
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 18931 01 OF 02 090555Z

ENDEAVOR IN PRINCIPLE TO IMPLEMENT WAGE INCREASES
AUTOMATICALLY IN FUTURE YEARS (THEY HAVE EXPLAINED REAL
POLITICAL NEED IS NEXT YEAR OR TWO): 2) GOJ REFUSAL TO
ACCEPT MORE EXPLICIT REFERENCE TO US INTENTION TO SEEK
ADDITIONAL JAPANESE ASSISTANCE, ON GROUNDS IT WILL
UNDERMINE SOFA INTERPREATATIONS IN DIET: AND 3) RELATED
TO (2), JAPANESE REQUEST FOR INDICATION (INFORMAL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

STATEMENT WILL DO) THAT OUR REPEATED REFERENCES TO NEED
FOR ADDITIONAL RELIEF IN UTURE DOES NOT REFLECT INTENT
TO REOPEN CURRENT ROUND OF TALKS OR CHALLENGE GOJ SOFA
INTERPRETATIONS IN NEAR FUTURE (AGAIN, READ YEAR OR TWO).
GUIDANCE REQUESTED RE POINTS AT ISSUE. END SUMMARY.

1. ON NOV 25, DEPDIRGEN AMERICAN AFFAIRS KITAMURA, CHAIRMAN
JAPANESE TEAM, IN PRESENCE KOGA, CHIEF LABOR DIVISION
DFA, PRESENTED POLCOUNS WITH DRAFT OF JOINT COMMITTEE
REPORT INTENDED TO CONSTITUTE RECORDING OF UNDERSTANDINGS
RESULTING FROM OUR DISCUSSIONS OVER PAST FEW MONTHS AND
IN JAPANESE VIEW DESIGNED TO TAKE INTO ACCOUNT PROBLEMS
WE HAVE HAD WITH JAPANESE PRESENTATION REPORTED REF C.
KITAMURA ASKED THAT WE PROVIDE OUR RESPONSE AS SOON AS
POSSIBLE, WITH A VIEW TO FINALIZING AGREEMENT BY
DEC 5, IN ORDER TO OBTAIN FINAL INTRA-MINISTERIAL
CLEARANCE PRIOR TO INCORPORATION OF APPROPRIATION
REQUEST IN BUDGET PRESENTATION DUE DEC 20. KITAMURA
SAID THAT DOCUMENT WOULD FORM BASIS FOR PUBLIC PRESENTATION
OF AGREEMENT.

2. IN ALMOST DAILY MEETINGS SINCE NOV 25,
WE HAVE BEEN ABLE TO RESOLVE OR SET ASIDE MOST OUT-
STANDING PROBLEMS. FURTHER CONSIDERATION OF JAPANESE
DESIDERATA IN REGARD TO SHIFT TO CONTRACTING, INCORPORATION
INTO MLC, ETC., OF JAPANESE LABOR LAWS, AND LONG-TERM
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 18931 01 OF 02 090555Z

PROJECTIONS OF LABOR FORCE, HAS BEEN WATERED DOWN TO
AGREEMENT TO DISCUSS THESE ITEMS FURTHER WITHOUT COMMIT-
MENT. US SIDE MADE DETERMINED EFFORT TO PERSUADE
JAPANESE TO DROP PAST ADMINISTRATIVE-EXPENSE CLAIMS,
SETTLEMENT OF WHICH HAS BEEN INCONTINUING NEGOTIATION.
RESULT WAS PRESENTATION OF COUNTERPROPOSAL IN FORM OF
JAPANESE ORAL STATEMENT THAT WE WOULD CONTINUE PROMPT
NEGOTIATION OF SETTLEMENT. WITH SOME DIFFICULTY, WE
HAVE WALKED CAT BACK HOME, SO THAT NOTHING WILL BE
SAID ON SUBJECT OTHER THAN CONFIRMATION AT FINAL
NEGOTIATING SESSION THAT MATTER STANDS AT STATUS QUO
ANTE.

3. SEPTEL CONTAINS CURRENT TEXTS OF AGREEMENT, AND
US AND JAPANESE ORAL STATEMENTS. TWO MAJOR INTERRELATED
PROBLEMS REMAIN UNRESOLVED AS DISCUSSED BELOW.

4. IN ACCORDANCE STATE-DEFENSE INSTRUCTIONS, US CHAIRMAN HAS
REPEATEDLY BROUGHT HOME TO JAPANESE OUR DISAPPOINTMENT
WITH RELATIVELY SMALL AMOUNT OF RELIEF BEING OFFERED, AND
OUR EXPECTATION THAT ADDITIONAL RELIEF WILL BE FORTH-
COMING IN FUTURE, PERHAPS IN AREAS WHICH WE HAVE NOT

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

YET EXPLORE. WE HAVE CONSISTENTLY COUCHED OUR ARGUMENTS
IN TERMS OF BROADER ECONOMIC AND SECURITY CONSIDERATIONS.
JAPANESE HAVE NOT BEEN UNRESPONSIVE TO EFFORT, BUT RESIST
ANY EXPLICIT REFERENCE THAT US PLANS TO ASK FOR FURTHER
ASSISTANCE. JAPANESE SIDE BELIEVES IT IS IMPERATIVE TO TAKE
PUBLIC POSITION THAT THOSE AREAS IN WHICH IT HAS FOUND IT
IMPOSSIBLE TO GRANT RELIEF WITHIN JAPANESE INTERPRETATION
OF SOFA, I.E., ALL WAGES, INCLUDING RETIREMENT, DIFFERENTIAL,
AND LANGUAGE ALLOWANCE, WILL NOT BE RAISED AS SUBJECT OF
NEGOTIATIONS BY US SIDE, AT LEAST IN NEXT YEAR OR TWO.
KITAMURA HAS REPEATEDLY SAID THAT THIS IS ABSOLUTELY ESSENTIAL
IN ORDER TO OBTAIN FINANCE MINISTRY SUPPORT AND DIET
APPROVAL. HE HAS TOLD US MONEY WAS NOT THE OBJECT, AND
JAPANESE SIDE CONTINUED TO REGARD OUR PROBLEMS SYMPATHETICALLY
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TOKYO 18931 01 OF 02 090555Z

WITH VIEW TO FINDING OTHER AREAS IN WHICH IT MIGHT HELP OUT,
POSSIBLY BY FINDING RATIONALE OUTSIDE OF SOFA FRAMEWORK, AS
WAS DONE IN THIS INSTANCE, I.E., GOJ OBLIGATION TO

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TOKYO 18931 02 OF 02 090626Z
ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03
NSAE-00 PA-01 PRS-01 SP-02 SS-15 NSCE-00 SSO-00
USIE-00 INRE-00 ABF-01 OMB-01 TRSE-00 ACDA-12
/062 W
----------116560 090630Z /11
O 090405Z DEC 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 3437
INFO SECDEF IMMEDIATE
CINCPAC PRIORITY
COMUSJAPAN PRIORITY
CDRUSARJ CAMP ZAMA
COMNAVFORJAPAN YOKOSUKA
5AF YOTKOTA

C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 18931

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

PROTECT WELFARE OF WORKERS. SOFA INTERPRETATION PER
SE, HOWEVER, WAS CLOSED ISSUE. (SERIOUSNESS OF JAPANESE
POSITION WAS REINFORCED BY VICE MINISTER ARITA IN
RECENT CONVERSATION WITH AMBASSADOR, AND BY AMERICAN AFFAIRS
BUREAU DIRECTOR GENERAL WITH DCM.) THE MOST WE HAVE
BEEN ABLE TO PERSUADE JAPANESE TO AGREE TO IS TO SIT
STILL FOR AN ORAL STATEMENT TO BE MADE BY US SIDE IN
JOINT COMMITTEE, WHICH WOULD RECORD OUR VIEW THAT SOFA
IS SUSCEPTIBLE TO MORE FLEXIBLE INTERPRETATION. WHILE
KITAMURA HAS HINTED THAT PRESENT JAPANESE POSITION
MIGHT NOT HOLD FOR ALL TIME, HE HAS INDICATED IT COULD NOT BE
CHANGED SOON.

5. RESULT OF US PRESENTATIONS ON ADDITIONAL RELIEF HAS
BEEN TO CAUSE JAPANESE NEGOTIATORS TO SUSPECT THAT WE
INTEND REOPEN CURRENT ROUND OF TALKS, PERHAPS AS EARLY
AS NEXT YEAR. WHILE EMBASSY BELIEVES IT IS ADVISABLE
IN CIRCUMSTANCES TO ASSURE JAPANESE ORALLY THIS IS NOT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 18931 02 OF 02 090626Z

OUR INTENTION, USFJ WISHES TO KEEP THIS OPTION OPEN, AS IN
THEIR VIEW IT IS ESSENTIAL NOT ONLY TO CONTINUE THEIR
EFFORTS TO BRING RELATIVELY HIGH US FORCES WAGES INTO
LINE WITH PREVAILING PRACTICE BUT TO RETAIN LEVERAGE FOR
FURTHER COST SHARING. INASMUCH AS EMBASSY SEES LITTLE
PROSPECT OF CONCLUDING AGREEMENT IN TIME FOR BUDGET
PRESENTATION UNLESS THIS ISSUE IS RESOLVED, REQUEST
WASHINGTON GUIDANCE.

6. SECOND ISSUE CONCERNS "SMOOTH IMPLEMENTATION" OF
WAGE INCREASES IN FUTURE YEARS WHICH GOJ HAS DEFINED AS
AUTOMATIC APPLICATION OF NPS WAGE INCREASES AND NO
PROPOSALS BY USFJ TO NEGOTIATE. JAPANESE HAVE AGREED
TO MODIFY DEMAND FOR SMOOTH IMPLEMENTATION TO INDICATE
USFJ ONLY ACCEPTS SMOOTH IMPLEMENTATION AS OBJECTIVE OR
THAT IT WILL "ENDEAVOR IN PRINCIPLE" TO IMPLEMTN INCREASES
SMOOTHLY. WE HAVE COUNTERED THAT EVEN THOUGH SUCH LANGUAGE
WOULD IMPOSE NO LEGAL OBLIGATION, WE DO NOT WISH TO BE HELD IN
FUTURE YEARS TO WHAT MIGHT BE CONSTRUED AS MORAL OR
POLITICAL OBLIGATION. GOJ SIDE FEELS THAT PRICE IT IS
PREPARED TO PAY IS TOO HIGH FOR ASSURANCE OF SMOOTH IMPLE-
MENTATION FOR 1977 ONLY. KITAMURA HAS SAID THAT JAPANESE FULLY
UNDERSTAND WE MIGHT WISH TO BARGAIN FOR MORE RELIEF,
BUT IT WOULD UNDERMINE THEIR POLITICAL POSITION IF
WE WERE TO DO SO IN, SAY, 1978. WE HAVE ARGUED THE
OPPOSITE, I.E., PRICE IS NOT HIGH ENOUGH FOR MORE THAN
ONE YEAR'S ASSURANCE (1977). WE HAVE EXPLICITLY STATED
THAT WE WISHED TO LEAVE NO MISUNDERSTANDING ABOUT
INTENTION OF US FORCES AS IN PAST TO USE ANNUAL WAGE
INCREASES AS OPPORTUNITY TO SEEK RELIEF IN OTHER AREAS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

SUCH AS MLC, MC, IHA CONTRACT MODIFICATIONS THAT NEED
NOT CALL FOR GOJ ASSUMPTION OF SOFA-RELATED BURDENS.
7. AS OF DEC 2, US SIDE TABLED DRAFT COVERING FUTURE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 18931 02 OF 02 090626Z

YEARS WHICH READ AS FOLLOWS, "IN THE INTEREST OF GOOD
LABOR RELATIONS, THE UNITED STATES GOVERNMENT AGREES
WITH THE JAPANESE GOVERNMENT THAT THEY WILL JOINTLY
ENDEAVOR TO IMPLEMENT USFJ WAGE REVISION IN FUTURE YEARS
WITH FULL REGARD FOR THE WELFARE OF THE EMPLOYEES."
JAPANESE SIDE OBJECTED TO WORDS "JOINTLY" AND "THEY" AND
WISHED ALSO TO ADD PHRASE "IN A SIMILAR MANNER (AS IN 1977)".
WE HAVE CONTINUED TO EXPLORE COMPROMISE LANGUAGE.

8. COMMENT: EMBASSY VIEW IS THAT THERE IS ABSOLUTELY NO
CHANCE THAT JAPANESE WILL OFFER MORE THAN 6.1 BILLION THIS
YEAR, AND THAT THERE IS NO GIVE IN GOJ SOFA
INTERPRETATIONS TO PERMIT REOPENING THOSE ISSUES RAISED IN
THIS ROUND OF TALKS, AT LEAST FOR NEXT YEAR OR TWO. ON
OTHER HAND, EMBASSY BELIEVES $25 MILLION RELIEF IN
GOMING JFY (MORE IN FOLLOWING YEARS) IS WORTH COMMITMENT:
A) NOT TO ATTEMPT IN COMING YEAR OR TWO TO REOPEN THOSE
ISSUES DISCUSSED IN THIS YEAR'S TALKS; AND B) TO ACCEPT
NON-BINDING LANGUAGE TO ENDEAVOR "IN PRINCIPLE," AS "GOAL,"
AS "OBJECTIVE," (OR SOME SUCH LANGUAGE TO ACHIEVE SMOOTH (AUTOMATIC)
IMPLEMENTATION OF FUTURE WAGE INCREASES, PROVIDED CAVEAT
IS INSERTED IN ORAL STATEMENT THAT USFJ RETAINS RIGHT TO
NEGOTIATE LABOR ISSUES WITH FDAA AS IN PAST. EMBASSY
FURTHER BELIEVES THAT IF AGREEMENT IS REACHED ALONG THESE
LINES, THERE IS STILL ROOM TO DISCUSS IN MONTHS
AHEAD LABOR-COST ISSUES NOT ADDRESSED THIS ROUND.
USFJ VIEW IS THAT GOJ OFFER VALUED AT 25 MILLION
DOLLARS ANNUALLY AMOUNTS TO SUBSTANTIALLY LESS THAN
THIS YEAR'S PROPOSED WAGE INCREASE AND IS A FRACTION OF
THE COST OF RECENT YEN APPRECITION. PROJECTED FIVE
YEAR COST AVOIDANCE OF 159 MILLION DOLLARS IS A VERY SMALL
PORTION OF THE APRIL 1977 US PROPOSAL VALUED AT 1.3 BILLION
DOLLARS FOR PERIOD OF FIVE YEARS, AND REPRESENTS ONLY TOKEN
GOJ EFFORT TO AMELIORATE US FORCES LABOR-COST PROBLEM.
USFJ OPINION IS THAT PERSISTENT USFJ IN-COUNTRY EFFORT AND
CONTINUING HIGH-LEVEL SUPPORT COULD REASONABLY BE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TOKYO 18931 02 OF 02 090626Z

EXPECTED TO ACHIEVE A SIGNIFICANT PORTION OF THE US PROPOSAL
BUT ONLY IF US FORCES PRESERVE THEIR RIGHT TO NEGOTIATE.
IN USFJ OPINION ACCEPTANCE OF POINTS A) AND B) ABOVE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

WOULD TEMPORARILY CURTAIL AND POSSIBLY PERMANENTLY ERODE THIS RIGHT.
REQUEST GUIDANCE ASAP ON TWO EMBASSY POINTS AND USFJ VIEWS.

9. USFJ CONCURS.
MANSFIELD

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR, COSTS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TOKYO18931
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770458-0146
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771271/aaaacifg.tel
Line Count: 283
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ba999407-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 289094
Secure: OPEN
Status: NATIVE
Subject: LABOR COST SHARING (C) SUMMARY. WORKING GROUP HAS HAD UNDER INTENSE REVIEW DRAFT, TABLED BY JAPANESE SIDE NOV 25, OF AGREEMEN
TAGS: MARR, JA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/ba999407-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009